

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:400
ANSWERED ON:19.04.2002
MERGER OF BANKS AND FLS
PRAVEEN RASHTRAPAL

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propos~ to merge certain banks and financial institutions with a view to cut down the NPAs
- (b) if so, the details thereof;
- (c) whether the. Government also propose to grant special powers to IOBI for facilitating`recovery of non-performing asset and counter guarantee the bonds issued by the agency for moping up funds from the market; and
- (d) if so, the detai l s thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART a,b,c AND d OF LOK SABHA STARRED QUESTION'NO 40019012002 REGARDING MERGER OF CERTAINS BANKS AND FINANCIAL INSTITUIONS (Fls) TABLED BY SHRI PRAVIN RASHTRAPAL.

a&b) RBI had circulated salient operational and regulatory issues to be addressed by Fls for conversion into universal bank on 28.4.2001. The main objective of any conversion is to enable a Financial Institution to remain competitive in the financial market. Subsequent to RBI circular, ICICI Bank submitted a proposal to RBI on 25.10.2001 for merger of ICICI Ltd. with it. RBI is yet to give decision on the above merger proposal. IDBI has informed RBI that the details of transformation into a universal bank are being evaluated and they will approach RBI once the analysis is complete.

c&d) There is no proposal under consideration to give special powers to IDBI for facilitating recovery of NPAs or to provide counter guarantee for bonds issued by it for mopping up funds from the market.